

**CITY MANAGER EMPLOYMENT  
AGREEMENT  
between the  
City of Burbank  
and  
Michael S. Flad**

**THIS AGREEMENT** is made and executed on ~~21<sup>st</sup>~~<sup>21<sup>st</sup></sup> of February, 2012, by and between the City of Burbank, a municipal corporation, ("City") and Michael S. Flad, an individual, ("Flad" or "City Manager") (collectively the Parties).

**RECITALS**

1. City entered into a three year employment agreement with Flad to be its City Manager dated May 6, 2008, effective January 6, 2009. The agreement was amended in July 2010.
2. Although agreement provided for salary increases for Flad, in recognition of the economic downturn and budget challenges facing the City, Flad voluntarily gave up salary increases pursuant to the agreement.
3. The agreement provided for automatic renewal at the end of the initial term. The Parties are desirous to continue the employment relationship, but have agreed to new terms concerning Flad's employment as City Manager.
4. Therefore the Parties wish to enter into a new employment agreement pursuant to the authority of and subject to the provisions of Government Code Section 53260 et seq., and City of Burbank Charter Section 315.

**AGREEMENT**

NOW, THEREFORE, City agrees to engage the services of Flad as its City Manager, and Flad agrees to be City Manager, all for the compensation and subject to the covenants and conditions as set forth herein.

**1. Employment**

City hereby employs Flad as its City Manager and Flad hereby accepts such employment.

**2. Term**

The term of this Agreement will be from January 1, 2012 to December 31 2016, unless the term of this Agreement is extended or the Agreement terminated in the manner provided herein. If the term of this Agreement expires, but the City Council is desirous to continue Flad's employment as City Manager and Flad desires to remain City Manager, Flad shall continue in said position under the terms of this agreement on a month to month basis until an amendment to this Agreement or new Agreement is executed or the Agreement is terminated as provided for herein.

### 3. Commitments and Understandings

#### A. The City Manager's Commitments

##### (1) Duties and Authority

- (a) The City Manager shall be the chief executive officer of the City and be responsible to the City Council for the proper administration of all affairs of the City.
- (b) The City Manager shall perform all of the duties of the City Manager as set forth in Section 315 of the Burbank Charter and applicable provisions of the Burbank Municipal Code (jointly, the "Municipal Code"), the California Government Code, and City policies and procedures approved by the City Council, as may be provided from time to time.
- (c) The City Council may also designate the City Manager as the chief executive of other City-related legal entities. Such other legal entities could include a public financing authorities and joint powers authorities.
- (d) The City Manager shall not spend more than 12 hours per month in teaching, consulting, speaking, or other non-City connected business for which compensation is paid without the express prior consent of the City Council.

##### (2) Disability or inability to perform

- (a) In the event the City Manager becomes mentally or physically incapable of performing the City Manager's functions and duties with reasonable accommodation and it reasonably appears such incapacity will last for more than six months, he will be deemed to have resigned from his position. In the event of such resignation, the City Manager shall receive all severance benefits provided in Section 6.C below.

#### B. City Commitments

- (1) The City shall provide the City Manager with the compensation, incentives and benefits, specified elsewhere in this Agreement.
- (2) The City shall provide the City Manager with a private office, secretary, staff, office equipment, supplies, and all other facilities and services adequate for the performance of the City Manager's duties.

- (3) The City shall pay for or provide the City Manager reimbursement for all actual business expenses. The City shall provide the City Manager a City credit card to charge appropriate and lawful business expenses.
- (4) The City agrees to pay the professional dues and subscriptions on behalf of the City Manager which are necessary for the City Manager's continuation and full participation in national, regional, state, or local associations and organizations necessary and desirable for the good of the City, and for the City Manager's continued professional participation and advancement.
- (5) The City supports and understands that Lakeside Golf Club has a tradition of providing the City Manager with a "Courtesy Membership." It is understood that should a Courtesy Membership be offered to the City Manager, any cost associated with use of their facilities, except those already covered under section 3.B. (3) of this agreement, shall be paid by the City Manager.
- (6) The City agrees to pay the travel and subsistence expenses of the City Manager to pursue official and other functions for the City, and meetings and occasions to continue the professional development of the City Manager, including, but not limited to, national, regional, state, and local conferences, and governmental groups and committees upon which the City Manager serves as a member.
- (7) The City also agrees to pay for the travel and subsistence expenses of the City Manager for short courses, institutes and seminars that are necessary for the good of the City or for the professional development of the City Manager.
- (8) The City recognizes the desirability of representation in and before local civic and other organizations, and the City Manager is authorized to become a member of civic clubs or organizations, for which the City shall pay membership dues.

#### C. City Council Commitments

- (1) The City Council sets policy for the governance and administration of the City, and it implements its policies through the City Manager.
- (2) The City Council agrees that any criticism of a City staff member shall be done privately through the City Manager.
- (3) Neither the City Council nor any of its members shall interfere with the execution of the powers and duties of the City

Manager. The City Manager shall take orders and instructions from the City Council only when it is sitting as a body in a lawfully held meeting.

#### 4. **COMPENSATION**

##### A. Compensation and Required Employer Costs

###### (1) Base Salary

- (a) The initial salary shall be \$18,117 per month.
- (b) The City Manager shall be paid at the same intervals and in the same manner as regular City employees.
- (c) Notwithstanding the City's salary table or general City Management salary reductions, except for the General Manager of Burbank Water and Power and the City Attorney, the annual salary of the City Manager shall never be less than the annual salary (excluding overtime and any incentive compensation) of the City's next-highest-paid employee. In the event that a promotion, an adjustment to the salary table, or a general management salary reduction would result in the City Manager being paid less than the City's next-highest-paid employee's annual salary, the City Manager's annual salary will automatically and effective on the same date, be set at the annual salary of the City's next-highest-paid employee without further action by the City Council.
- (d) Unless an overall "unsatisfactory performance" evaluation for the prior year has been completed and a performance improvement plan agreed upon, a 3% increase effective with the first payroll period in January 2014 and each January thereafter through the term of this Agreement shall be implemented. Failure to complete the performance evaluation process as described below will result in a 3% increase effective with the first payroll period in January starting in January 2014, and each January thereafter through the term of this Agreement. Upon a "satisfactory" or higher performance evaluation, the Council may grant the City Manager a salary increase of greater than 3%.
- (e) The City shall not at any time during the term of this Agreement reduce the base salary, compensation or other financial benefits of the City Manager, unless as part of a general city management salary reduction, and then in no greater percentage than the average reduction of all City department heads.

(2) Retirement Benefits

- (a) The City contracts with the California Public Employees' Retirement System (PERS) for retirement benefits. The City Manager shall pay the percentages below of his employee's contribution for participation in PERS. The City will pay the City's contribution and the remaining balance of City Manager's contribution for participation in PERS.

- i.) Beginning in the first pay period in July 2012 - 3%; and
- ii.) Beginning in the first pay period in July 2013 - 4%.

B. Basic Benefits

(1) Holidays

The City Manager is entitled to 10 paid holidays per calendar year.

(2) Leave Allowance

- (a) The City provides a universal leave program for its executive employees, which includes sick, vacation, administrative, compensatory time, personal, military, family, bereavement and funeral leave. The City Manager shall use this leave only for vacation, administrative leave, sickness or disability, or for the critical illness or death of a family member.
- (b) The City Manager shall be given 356 hours of leave per year in a lump sum on the first pay period in January. Leave time may be cashed out in accordance with procedures applicable to all City Executives in the following amounts: 225 hours for calendar year 2012; 260 hours for calendar year 2013; and 295 hours per each calendar year thereafter. The maximum leave accrual is limited to a total of 1,500 hours and once this limit is reached there will be no further accrual until leave balance falls below 1,500 hours.

(3) Technology Allowance

Given the importance of technological tools to the effective and efficient business of City government, the City shall provide the City Manager with an annual \$3,000 technology allowance, which is payable in a lump sum on the first pay period in January.

(4) Benefits that Accrue to Other Employees

The City Manager shall be entitled to all benefits, rights, and privileges accorded to non-public safety City Department Directors except as otherwise provided in this Agreement. If there is any conflict between this Agreement and any resolution fixing compensation and benefits for non-public safety City Department Directors or other unclassified employees, this Agreement shall control.

C. Out-of-Pocket Medical Expenses

In order to foster the City Manager's good health, the City will provide City Manager as reimbursement an amount up to \$2,000 per year of this Agreement to cover the cost of allowable medical expenses under the City's Medical Savings Account Plan.

D. Automobile Allowance

The City shall provide City Manager with a 2012 Toyota Highlander Limited Hybrid for City and personal use. City shall be responsible for the operation, maintenance, repair, and the provision of liability and other essential insurance for said vehicle. If in any calendar year the City Manager adds more than 20,000 miles to said vehicle, he shall reimburse City for each mile in excess of 20,000 miles at the following rate. The rate shall be City's average cost of unleaded gasoline per gallon over the prior calendar year divided by 26 (which is the average miles per gallon for this vehicle). Upon Flad's separation from employment as City Manager, he may purchase this vehicle from City at the Blue Book Wholesale value at time of separation.

5. **INSURANCE/Deferred Compensation**

A. Cafeteria Plan

The City Manager shall receive a Cafeteria Plan contribution dollar amount equivalent to 100% of PERS Choice Family Level Benefit.

B. Disability Insurance

In accordance with current policy, the City provides a disability insurance policy featuring a 14-day elimination period for short term disability (STD) at 70% salary replacement up to \$2,500 per week; and, a 180-day elimination period for long term disability (LTD) at 60% salary replacement up to \$10,000 per month.

C. Life Insurance

Life insurance in the amount of \$500,000 with the premium to be paid by the City. The policy shall be structured such that the City Manager,

at the City Manager's own expense, may purchase additional coverage at the same or more favorable rates.

**D. Deferred Compensation**

The City will match voluntary contributions that City Manager makes to an eligible 457 Deferred Compensation plan up to a maximum of \$250 per month.

**E. Retired Health Saving Plan (RHS)**

The City shall contribute \$750 per month into a retiree medical account. Also 50% of your accrued leave at the time of your separation will be deposited into this account for medical costs of you and your family as allowed under the plan.

**6. Performance Appraisal**

The City Council will annually conduct a performance appraisal and goal setting of the City Manager during the period of the year that aligns with the Council's annual goal setting process. Said appraisal shall be in accordance with specific criteria provided by City Council which it can request the City Manager to develop. Furthermore, City Council shall provide City Manager with a summary of performance findings and allow adequate opportunity for a discussion with City Manager about his appraisal. As part of this process, City Manager will define goals and performance objectives he believes necessary for the proper operation of the City and to attain City Council's policy goals.

**7. SEPARATION**

**A. Resignation/Retirement**

The City Manager may resign at any time and agrees to give the City at least 45 days' advance written notice of the effective date of the City Manager's resignation, unless the Parties otherwise agree in writing. If the City Manager retires from full time public service with the City, the City Manager may provide six months' advance notice. The City Manager's actual retirement date will be mutually established.

**B. Termination and Removal**

- (1) The City Manager is an at-will employee serving at the pleasure of the City Council.
- (2) The City Council may remove the City Manager at any time, with or without cause, by a majority vote of its members. Notice of termination shall be provided to the City Manager in writing. Termination, as used in this section, shall also include a request that the City Manager resign, a reduction in salary except pursuant to an overall reduction in management

salaries as provided for above, or reduction of other financial benefits of the City Manager, a material reduction in the powers and authority of the City Manager, or the elimination of the City Manager's position.

- (3) The City Manager shall not be removed during the 60-day period preceding or following any City election for membership on the City Council, or during the 60-day period following any change in membership of the City Council, except upon unanimous vote of the City Council.

#### C. Severance Pay

- (1) In the event the City Manager is terminated by the City Council during such time that the City Manager is willing and able to perform the City Manager's duties under this Agreement, then in that event the City agrees to provide the City Manager with no less than 90 days' written notice, upon the conclusion of which the City will pay the City Manager a lump sum payment equal to six months' base salary then in effect as provided for herein. In exchange for payment of this amount, City Manager shall sign a full release, releases City from liability for any employment claim and agrees that he will not file, initiate, or cause to be filed or initiated any action in any federal or state court for wrongful termination or other employment causes of action such as, but not limited to, age discrimination.
- (2) In addition, the City shall extend to the City Manager the right to continue health insurance as may be required by and pursuant to the terms and conditions of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA). The City agrees to pay the City Manager's COBRA coverage for the same number of months for which the City Manager is entitled to a lump sum cash payment above, or until Flad either secures full-time employment or obtains other health insurance, whichever of these three events first occurs. Flad shall notify the City within five days of securing new full-time employment or insurance.
- (3) In the event the City refuses, following written notice of non-compliance, to comply with any provision in this Employment Agreement benefiting the City Manager, or the City Manager resigns following a formal action by a majority of the City Council that the City Manager resign, then, in that event, the City Manager may, at the City Manager's option, be deemed to be "terminated" as of the date of such refusal to comply or action to resign and this severance pay provision shall be actuated.



- (4) All payments required under this severance section are subject to and shall be interpreted to comply with the limitations set forth in Government Code Section 53260.

D. Waiver of Severance Benefits

- (1) The City Manager waives his right to the severance benefits provided for in Section 7.C in the event he is terminated for any of the following reasons:
  - (a) Conviction of a felony;
  - (b) Continued abuse of non-prescription drugs or alcohol that materially affects the performance of City Manager's duties;  
or
  - (c) Repeated and protracted unexcused absences from the City Manager's office and duties.
- (2) In the event the City terminates the City Manager for any of the reasons noted in this section, then the City may terminate this Agreement immediately, and the City Manager shall be entitled to only the compensation accrued up to the date of termination, payments required by Section 7.F below, and such other termination benefits and payments as may be required by law. The City Manager shall not then be entitled to any severance benefits provided by Section 7.C.
- (3) In the event the City terminates the City Manager for any of the reasons noted in this Section, the City and City Manager agree that neither Party shall make any written or oral statements to members of the public or the press concerning the City Manager's termination except in the form of a joint press release which is mutually agreeable to both Parties. The joint press release shall not contain any text or information that would be disparaging to either Party. Provided, however, that either Party may verbally repeat the substance of any such press release in response to inquiries by members of the press or public.

E. Repayment of Severance Benefits

Pursuant to Government Code Section 53243.2 if this Agreement is terminated and City Manager receives any cash settlement or severance hereunder, the City Manager shall fully repay any such monies, if City Manager is convicted of a crime involving abuse of his office or position.

F. Payment for Unused Leave Balance

- (1) On separation from City employment, the City Manager shall be paid for all unused accrued leave allowances provided herein, and/or the City Manager may apply the leave time to service credit for retirement purposes if permitted by PERS except for any leave balance that may be going into his RHS account, if any. Accumulated leave balances shall be paid at the City Manager's monthly salary rate at the effective date of separation.
- (1) In the event the City Manager dies while employed by the City under this Agreement, the City Manager's beneficiaries or those entitled to the City Manager's estate, shall be entitled to the City Manager's earned salary, and any in-lieu payments for accrued benefits, including compensation for the value of all accrued leave balances.

8. **MISCELLANEOUS PROVISIONS**

A. Provisions that Survive Termination

Many sections of this Agreement are intended by their terms to survive the City Manager's termination of employment with the City, including but not limited to Sections 7 and 8.C. These sections, and the others so intended, shall survive termination of employment and termination of this Agreement.

B. Amendments

This Agreement may be amended at any time by mutual agreement of the City and the City Manager. Any amendments are to be made in writing and approved by City Manager and City Council.

C. Indemnification

- (1) To the full extent of the law as provided by the California Torts Claims Act (Government Code Section 810 et seq.) and the indemnity provisions of this Agreement, whichever shall provide the greatest protection to the City Manager, the City (and the Burbank Redevelopment Agency, jointly and severally,) shall defend and indemnify the City Manager against and for all losses sustained by the City Manager in direct consequences of the discharge of the City Manager's duties on the City's behalf for the period of the City Manager's employment.
- (2) The City shall defend, save harmless and indemnify the City Manager against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of the City Manager's duties as City Manager. The City may

compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered thereon.

- (3) Whenever the City Manager shall be sued for damages arising out of the performance of the City Manager's duties, the City shall provide defense counsel for the City Manager in such suit and indemnify the City Manager from any judgment rendered against the City Manager, provided that such indemnity shall not extend to any judgment from damages arising out of any willful wrongdoing. This indemnification shall extend beyond termination of employment and the otherwise expiration of this Agreement to provide protection for any such acts undertaken or committed in the City Manager's capacity as City Manager, regardless of whether the notice of filing of a lawsuit occurs during or following employment with the City. This indemnity provision shall survive the termination of the Agreement and is in addition to any other rights or remedies that the City Manager may have under the law.
- (4) The City and all parties claiming under or through it, hereby waives all rights of subrogation and contribution against the City Manager, while acting within the scope of the City Manager's duties, from all claims, losses and liabilities arising out of or incident to activities or operations performed by or on behalf of the City or any party affiliated with or otherwise claiming under or through it, regardless of any prior, concurrent, or subsequent active or passive negligence by the City Manager.
- (5) In the event that the City Manager shall serve as the chief executive of other City-related legal entities as provided in Section 3.A(1)(c) above, then each provision of this Section 7.C shall be equally applicable to each City-related legal entity as though set forth in an indemnity agreement between the City Manager and that legal entity. The City hereby guarantees the performance of this indemnity obligation by the City-related legal entity, and shall indemnify and hold the City Manager harmless against any failure or refusal by City-related legal entity to perform its obligations under this Section 7.C.

D. Severability

If any clause, sentence, part, section, or portion of this Agreement is found by a court of competent jurisdiction to be illegal or unenforceable, such clause, sentence, part, section, or portion so found shall be regarded as though it were not part of this Agreement and the remaining parts of this Agreement shall be fully binding and enforceable by the Parties hereto.

E. Laws Affecting Title

In addition to those laws affecting a City Manager, the City Manager shall have the same powers, rights and responsibilities as a Chief Executive Officer, City Administrative Officer, Administrator, and/or City Administrator as those terms are used in local, state or federal laws.

F. Jurisdiction and Venue

This Contract shall be construed in accordance with the laws of the State of California, and the Parties agree that venue shall be in Los Angeles County, California.

G. Entire Agreement

This Contract represents the entire agreement of the Parties, and no representations have been made or relied upon except as set forth herein. This Contract may be amended or modified only by a written, fully executed agreement of the Parties.

H. Notice

Any notice, amendments, or additions to this Agreement, including change of address of either party during the term of this Agreement, which the City Manager or the City shall be required, or may desire, to make shall be in writing and shall be sent by prepaid first class mail or hand-delivered to the respective Parties as follows:

(1) If to the City:

City Council  
Attention Mayor  
275 East Olive Avenue  
Burbank, CA

With a Copy to the City Attorney

(2) If to the City Manager:

City Manager  
275 East Olive Avenue  
Burbank, CA

I. Conflict With Charter

Should any provision of this Agreement be found in conflict with the Charter of the City of Burbank, the provisions of the Charter shall control.

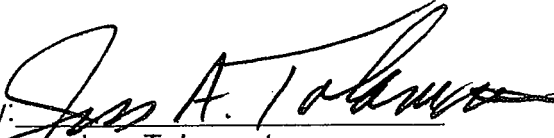
**IN WITNESS WHEREOF** the Parties has executed this Agreement as of the day and year first above written.

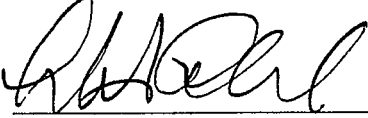
"City"

"City Manager"

CITY OF BURBANK  
A Municipal Corporation

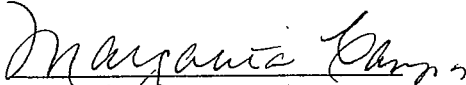
By:

  
Jess Talamantes  
Mayor

  
Michael S. Flad

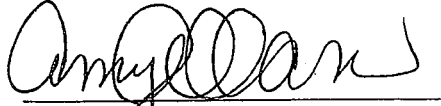
ATTEST:

By:

  
Margarita Campos  
City Clerk

APPROVED AS TO FORM:

By:

  
Amy Albano  
City Attorney